

# House Amendment 1586

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1 1 Amend House File 807 as follows:  
1 2 #1. Page 1, by inserting before line 1 the  
1 3 following:  
1 4 <DIVISION I  
1 5 RATE CHANGES AND FEDERAL DEDUCTIBILITY>  
1 6 #2. Page 7, line 18, by inserting after the word  
1 7 <this> the following: <division of this>.  
1 8 #3. Page 7, by inserting before line 21 the  
1 9 following:  
1 10 <DIVISION II  
1 11 CAPITAL GRAIN DEDUCTION  
1 12 Sec. \_\_\_\_\_. Section 422.7, Code 2009, is amended by  
1 13 adding the following new subsection:  
1 14 NEW SUBSECTION. 49A. Subtract the capital gain  
1 15 from the following:  
1 16 a. The sale of an equity investment in a business  
1 17 if all of the following requirements are met:  
1 18 (1) The equity investment is held for a period of  
1 19 thirty=six months or more from the date of  
1 20 acquisition.  
1 21 (2) A credit is not claimed on the investment  
1 22 under section 15E.66, 422.11F, or 422.11G.  
1 23 (3) The deduction under this paragraph "a" is in  
1 24 lieu of any deduction under section 1202 of the  
1 25 Internal Revenue Code.  
1 26 b. If the adjusted gross income computed for  
1 27 federal income tax purposes includes income or loss  
1 28 from a business operated by the taxpayer, the sale of  
1 29 a building, land, or machinery and equipment used in  
1 30 the operation of the business if the building, land,  
1 31 or machinery and equipment are held for a period of  
1 32 thirty=six months or more from the date of  
1 33 acquisition.  
1 34 c. An individual may claim the capital gain  
1 35 deduction under paragraphs "a" and "b" of a  
1 36 partnership, S corporation, limited liability company,  
1 37 estate, or trust electing to have the income taxed  
1 38 directly to the individual. The amount claimed by the  
1 39 individual shall be based upon the pro rata share of  
1 40 the individual's earnings of a partnership, S  
1 41 corporation, limited liability company, estate, or  
1 42 trust.  
1 43 Sec. \_\_\_\_\_. Section 422.35, Code 2009, is amended by  
1 44 adding the following new subsection:  
1 45 NEW SUBSECTION. 22A. Subtract the capital gain  
1 46 from the following:  
1 47 a. The sale of an equity investment in a business  
1 48 if all of the following requirements are met:  
1 49 (1) The equity investment is held for a period of  
1 50 thirty=six months or more from the date of  
2 1 acquisition.  
2 2 (2) A credit is not claimed on the investment  
2 3 under section 15E.66 or section 422.33, subsection 12  
2 4 or 13.  
2 5 b. The sale of a building, land, or machinery and  
2 6 equipment used in the operation of the business if the  
2 7 building, land, or machinery and equipment are held  
2 8 for a period of thirty=six months or more from the  
2 9 date of acquisition.  
2 10 Sec. \_\_\_\_\_. APPLICABILITY DATE. This division of  
2 11 this Act applies to capital investments made in or by  
2 12 businesses on or after January 1, 2009, for tax years  
2 13 ending after that date.>  
2 14 #4. Title page, by striking lines 1 through 7 and  
2 15 inserting the following: <An Act relating to the  
2 16 individual and corporate income taxes by providing for  
2 17 reduced tax rates, the elimination of federal  
2 18 deductibility, increasing the credits for elderly and  
2 19 blind individuals, increasing the amount of the earned  
2 20 income tax credit, and adjusting the eligibility for  
2 21 the child and dependent care tax credit and early  
2 22 childhood development tax credit and by providing for  
2 23 a deduction of the capital gain from the sale of  
2 24 capital investments made in or by certain businesses

2 25 and including a retroactive and other applicability  
2 26 date provisions.>  
2 27 [#5.](#) By renumbering as necessary.  
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2 31 ALONS of Sioux  
2 32 HF 807.712 83  
2 33 tw/mg:sc/24101